

AR40



**glendale mobile homes limited annual report 1973**

# Contents

Report to Shareholders	2
Review of Operations	4-5
Mobile Homes	6
Manufactured Housing	7
Recreational Vehicles	8
Motorized Recreational Vehicles	9
Terrapin Building Systems	10
Australian Operations	11
Watercraft and Component Parts	12-13
Prebuilt Industries Ltd.	14-15
The Contribution of People	16
The Industry	17
Financial Statements	18-25
Company Locations	26

(Prepared without audit)

GLENDALE MOBILE HOMES LIMITED  
and its subsidiaries

STATEMENT OF CONSOLIDATED INCOME  
SIX MONTHS ENDED JULY 31, 1972

	Six Months Ended July 31, 1972	July 31, 1971
Net Sales	<u>\$22,028,272</u>	<u>\$12,558,939</u>
Consolidated Income Before deducting the following:	<u>1,988,985</u>	<u>1,164,463</u>
Interest on Long Term Debt	38,765	9,377
Depreciation and amortization	<u>132,753</u>	<u>95,949</u>
	<u>171,518</u>	<u>105,326</u>
Consolidated Income Before taxes on income	1,817,467	1,059,137
Taxes on Income	<u>950,000</u>	<u>550,000</u>
Consolidated net income	<u>\$ 867,467</u>	<u>\$ 509,137</u>
Earnings per share	\$ .81	\$ .47

(Prepared without audit)

GLENDALE MOBILE HOMES LIMITED  
and its subsidiaries

STATEMENT OF SOURCE & APPLICATION OF FUNDS  
SIX MONTHS ENDED JULY 31, 1972

	Six Months Ended July 31, 1972	July 31, 1971
Source of Funds:		
From operations consisting of:		
Net Income	\$ 867,467	\$ 509,137
Add Depreciation	<u>132,753</u>	<u>95,949</u>
	<u>1,000,220</u>	<u>605,086</u>
Application of Funds:		
Purchase of fixed assets (net)	300,327	596,937
Reductions in long-term debt	17,055	39,000
Investment in park developments	1,300	270,000
Dividends paid	<u>53,750</u>	<u>—</u>
	<u>372,432</u>	<u>905,937</u>
Increase (Decrease) in working capital	<u>\$ 627,788</u>	<u>\$ (300,851)</u>



**TO THE SHAREHOLDERS:**

Glendale moved ahead strongly in the six months ended July 31, 1972. Your company reported record sales and net earnings for this period. I am pleased to report that the net profit for the six months period was \$867,467 or 81¢ per share, compared to \$509,137 or 47¢ per share for the same period in 1971. Sales were \$22,028,272, compared to \$12,558,939 for the period in 1971, an increase of 75%.

Your company's improved performance during this first six months of fiscal 1973 was above our projections. The record results reflect the strengthening of both mobile home and recreational vehicle markets as the Canadian demand for housing and leisure products continues to expand and Glendale is in a position to benefit from this demand.

During the second quarter, an agreement in principal to merge with Prebuilt Industries was announced. At this time, negotiations are continuing and it is hoped that final agreement will be reached shortly.

During September, the company suffered a fire which resulted in the destruction of the company's plant at St. Joseph. While this loss was substantially covered by insurance, the fire will have some effect on the second half earnings. The company expects to be back in production at this plant early in November.

September 14, 1972. R.L. Thorn,  
Chairman of the Board.

**glendale****mobile homes****limited****INTERIM  
REPORT**

**FOR THE SIX MONTHS  
ENDED JULY 31, 1972**



(Prepared without audit)

**GLENDALE CORPORATION**

and its subsidiaries

**STATEMENT OF CONSOLIDATED INCOME**

**for the Six Months Ended July 31, 1973**

	Six Months Ended	
	July 31/73	July 31/72
Net Sales	\$35,468,110	\$22,028,272
Consolidated income before deducting the following:	3,421,294	1,988,985
Interest on long term debt	216,478	38,765
Depreciation and amortization	485,566	132,753
	702,044	171,518
Consolidated income before taxes on income	2,719,250	1,817,467
Taxes on income	1,232,100	950,000
Consolidated net income	\$ 1,487,150	\$ 867,467
Earnings per share (based on average number of shares outstanding during period)	\$ 1.19	\$ .81
July 1972 — 1,075,000		
July 1973 — 1,246,400		

(Prepared without audit)

**GLENDALE CORPORATION**

and its subsidiaries

**STATEMENT OF SOURCE & APPLICATION OF FUNDS**

**for the Six Months Ended July 31, 1973**

	Six Months Ended	
	July 31/73	July 31/72
Source of Funds:		
From operations consisting of:		
Net income	\$ 1,487,150	\$ 867,467
Depreciation	485,566	132,753
	1,972,716	1,000,220
Proceeds from sale of fixed assets	230,510	—
Issue of shares	4,000	—
	2,207,226	1,000,220
Application of Funds:		
Purchase of fixed assets (net)	141,164	300,327
Repayment of long term debt	386,318	17,055
Increase in other assets	4,718	1,300
Dividends paid	62,320	53,750
	594,520	372,432
Increase in working capital	\$ 1,612,706	\$ 627,788



To our  
shareholders:

AR40

Glendale Corporation continued to register strong sales and earnings increases during the second quarter of fiscal 1974. The second quarter was the ninth straight quarter in which an increase has been posted over the like quarter for the preceding year.

Sales for the six months ended July 31, 1973 were \$35,468,110 and net income was \$1,487,150, equal to \$1.19 per share. These results reflect a 61% increase in sales and a 71% increase in net income. Glendale has been able to maintain margins despite inflationary effects and the increase in material costs and interest rates.

During the second quarter, the company sold the Morris, Manitoba plant for cash. It was felt that corporate objectives would best be served by the sale of this plant which had not been in production for over a year.

The previously announced Clinton, Ontario motor home and hard top camper plant recently commenced production and shipment of the new camper models will commence shortly.

Management's efforts to improve marginal operations are now being felt and have contributed to the increased earnings, as are the programmes to improve production and purchasing efficiencies.

We are encouraged by the outlook for the remainder of the year and are hopeful that the increased contribution to profits will continue.

*R. L. Thorn* *W. P. Callaghan*

R. L. Thorn  
Chairman

W. P. Callaghan  
President



glendale corporation

# Interim report

1

*Callaghan*  
*for*

2

For the six months  
ended July 31, 1973

3



glendale corporation

# The Corporate Mark

With the publication of this Annual Report, Glendale Mobile Homes Limited takes pleasure in introducing the new corporate mark which is presented on the front cover. This new identification symbol will soon be seen on the company products, vehicles, stationery and plant facilities. It is designed to identify Glendale immediately to the rapidly expanding circle of customers, suppliers, business associates and to the general public.

The logo was designed to represent the basic purpose of your company, which is to provide people with shelter, and a means of enjoying the environment. The symbol depicts a human being as the focal point of Glendale's business. The surrounding triangle is representative of the shelter or housing we provide, and the colour green is used to relate to the outdoor setting.





# Report to the Shareholders

We take pleasure in submitting, on behalf of the Board of Directors, the annual report of the Company, together with the financial statements for the year ended January 31, 1973.

The past year proved to be an exciting one for your company as we continued our growth and progress. Sales increased 62% over the previous year to \$38,866,720. Net earnings before extraordinary items increased 96% to \$1,205,047 representing \$1.09 per share as compared to \$613,446 or \$.57 per share for the previous year. Unfortunately, these record earnings were reduced by an extraordinary loss of \$430,000, as a result of a fire at the St. Joseph de Beauce facilities and the allowance for a loss on possible disposal of certain investments.

The spirit and cooperation of our St. Joseph staff and the townspeople resulted in a new facility being rebuilt within a very short time. Production started immediately in the new facilities and has continued at an accelerated pace since that time.

Also of great significance to your company was the completion of the acquisition of Prebuilt Industries Ltd. in November. We feel that opportunities presented by this acquisition will be of great benefit to us in the future and will expand our coverage in several important areas. For example, it is our intention to produce and market Falcon and Glendette lines throughout Western Canada.

Similarly, our Strathroy Ontario plant will now be able to produce the Scamper and Skipper lines for the Eastern market.

Prebuilt is also one of the country's leading suppliers of commercial units and industrial camps, and Glendale will now be provided with additional opportunities in these new areas.

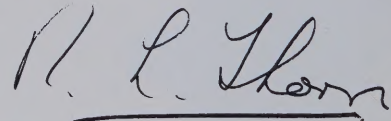
In order to ensure better products and services to the consumer, we have established a separate Research & Development department. We feel that this Division will enable us to continue to set the pace

in our rapidly expanding industry using the latest materials and techniques available.

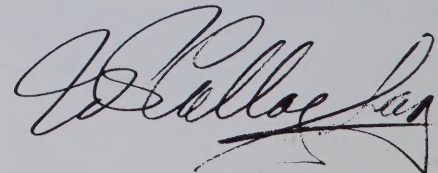
Also announced in December of 1972 was a new 43,000 square foot facility in St. Joseph de Beauce, Quebec. This plant, completed in February 1973, will be used for the production of recreational vehicles and industrial and commercial units to service the Quebec and Maritime market.

It was with regret that we accepted the resignation, because of ill health, of Mr. Percy Ashworth as a director. We very much appreciated Mr. Ashworth's contribution to the company and he will be greatly missed. We are pleased to welcome the addition to the Board of Mr. Chester Merriman of Lethbridge, Alberta and Mr. Hubert Prowse, Q.C. of Calgary, and look forward to their contribution to the company in the future.

It is a pleasure to acknowledge the conscientious efforts of our employees and of all others associated with Glendale. We are confident that their enthusiasm and talents will assure continued success for your company.



R. L. Thorn  
Chairman



W. P. Callaghan  
President



# Manufactured Housing

The homes which your company produces are manufactured in a plant in two sections complete with floor covering, the necessary plumbing, electrical wiring and fixtures. The only work required on site is the laying of the foundation, installing the utility connections and landscaping.

The homes are marketed through dealers and are eligible for conventional mortgage financing.

Some homes have been built to Central Mortgage and Housing Corporation specifications and are therefore eligible for CMHC financing. All homes can be built to the standards necessary to meet the local building codes.





# Recreational Vehicles

Your company produces travel trailers ranging in size from a small light trailer designed for compact cars to the large fifth wheel units for towing with a pick-up truck. Truck campers and a line of motor homes are also produced.

Models are available in a wide variety of styles and different models have been designed for the deluxe and economy markets.

Glendale has traditionally produced the Golden Falcon and Glendette lines for two dealer networks in Eastern Canada. Prebuilt has produced the Scamper and Skipper for dealers in Western Canada.





## PRODUCTION FACILITIES

Glendale has been continually expanding and improving production facilities as part of a program of planned growth. Your company has endeavoured to have sufficient production facilities available to meet market demand without overbuilding and creating excess capacity. In 1972, several facilities were enlarged where it was felt that such expansion was warranted in order to meet anticipated market demands.

The plant which was built as a result of the St. Joseph fire amounted to 87,000 square feet, which is about 40% larger than the previous plant. These new facilities provide substantially increased capacity and efficiencies for the production of mobile homes and manufactured housing in the Quebec market.

Near the end of 1972, construction commenced on an additional facility (42,500 square feet) which will be utilized to produce recreational vehicles and industrial and commercial units at St. Joseph de Beauce for the Quebec and Maritime market. In the past, this recreational vehicle market was served from Strathroy and we had virtually no industrial and commercial business.

During the year, a small addition was made to the Strathroy recreational vehicle plant. This addition, with some plant re-organization, provided a separate line for the production of motor homes.

The Wetaskiwin plant was expanded and revamped, primarily to accommodate the increasingly popular 14' wide units which we were having difficulty in producing in an efficient manner before the improvements.

Expansion also took place at Glendale Plastics where the facilities were increased to over 10,000 square feet. This division is now producing all of the fibreglass components for our recreational vehicles where previously, most of these items were purchased from outside suppliers.

We are now manufacturing several different types of car top boats to supplement our Hobo line of trailerable houseboats. Also, we envision increasing possibilities for further increases in the number of items supplied to our shelter and leisure divisions. There appears to be excellent growth opportunities in the Plastics section of our business.

## FINANCE

The company financed the acquisition of Prebuilt with a combination of cash and shares. The cash was obtained through the issuance of a debenture to the company's bank. The other expansions which took place during the year, were financed through working capital.

The still somewhat cyclical nature of the business causes working capital to be at its lowest point in January, which reflects on the year end balance sheet. The position improves at other times of the year and management is working toward reducing fluctuations.

## FUTURE

Your company continues to be in an excellent position to take advantage of the growth which is expected in the industries in which Glendale participates. While 1972 saw significant growth in terms of sales, return on sales, and earnings, there was also growth in terms of production capacity. This production capacity provides the opportunity given a reasonably stable economy for the future sales growth which is expected in the current year and beyond.

Consideration is being given to some diversification of products and market area to broaden our operating base. However, this diversification will take place only in areas where management has the experience and knowledge to ensure a continuity of profit levels.

We continue to be encouraged by the opportunities available to us and look forward to the challenges of the future.

# Mobile Homes



Mobile homes are designed as permanent housing for year round living. They are towable on their own chassis, and are designed for use with or without a permanent foundation. They can be used only when connected to permanent utilities and services.

The increased floor areas now available in mobile homes has made this form of living much more acceptable to a large section of the population. Your company is one of Canada's largest producers with plants capable of servicing all provinces.







# Review of Operations

## INDUSTRY

A portion of the company's increased revenues was a result of the healthy growth in the industry. There were just over 25,000 mobile homes sold in Canada in 1972, up from 18,900 in the previous year and representing a 32% increase. At the same time, the recreational vehicle industry experienced an increase of about 24%. An estimated 35,000 recreational vehicles, (excluding tent campers) were sold, compared to almost 28,000 the previous year.

One of the most encouraging aspects of the past year has been the increasing acceptance of mobile homes as a viable form of housing. Banks and other lending institutions provided increased funds at better terms. The CSA Z240 programme of production standards has been implemented and has added to consumer confidence in the quality of the homes being manufactured. The length of homes permitted to be transported in Ontario has been increased from 60' to 70'. The movement of 14' wide homes is now permitted in every province except Ontario and British Columbia.

## MANAGEMENT

A major concern of any growing company must be the ability of management at all levels to deal with the new opportunities and challenges presented in an expanding market.

With this in mind your company has been placing major emphasis on the development of senior and middle management.

This past year a new position, that of Vice-President, Marketing was created to supervise and coordinate the company's overall marketing operations. Other additions at the corporate level were made in Research and Development, Industrial Engineering and Production. A concentrated effort has been made to strengthen middle management at the divisional level through the development of existing personnel and the addition of new staff where necessary.

During the year management was reorganized at the Glendale Homes division in Strathroy. This division, which commenced operations early in 1972 experienced difficulties beyond those normally expected from a start up, and did not attain objectives.

Whilst the division is still undergoing some operating difficulties, the reorganization which took place in the fall appears to be having the desired effect and it is expected that Glendale Homes will contribute more significantly to corporate results in the future.

Corporate management continues to closely monitor the operations of the Terrapin Building Systems Division. Terrapin has shown a marked increase in revenue and the market acceptance of the product has improved. However, Terrapin, is not yet operating at a level which meets corporate objectives. Senior management will continue to take steps to ensure that the operation is at optimum efficiency.

## MARKETING

The combined efforts of the marketing staff have contributed in no small way to the measure of success which we have attained this year. The company enjoyed excellent dealer response at all of the product showings in the fall and the orders which were taken enabled Glendale to continue with full production in most plants. This steady production compares to the cyclical trends of past years where it was often necessary to reduce or curtail operations during the winter months.

The most extensive product changes occurred in recreational vehicles. The Golden Falcon line was substantially redesigned for the first time in several years. Market acceptance indicates that this new styling has been well received.

Major design changes also take place in the mobile home divisions in Eastern and Western Canada, which also resulted in increased sales activity. The reputation for quality and service and the strong dealer organization which the company has built up over the past years enabled it to compete quite effectively in a challenging and increasingly sophisticated marketplace.

## RESEARCH & DEVELOPMENT

For many years the development of products was dispersed throughout the company and was the responsibility of the general managers.

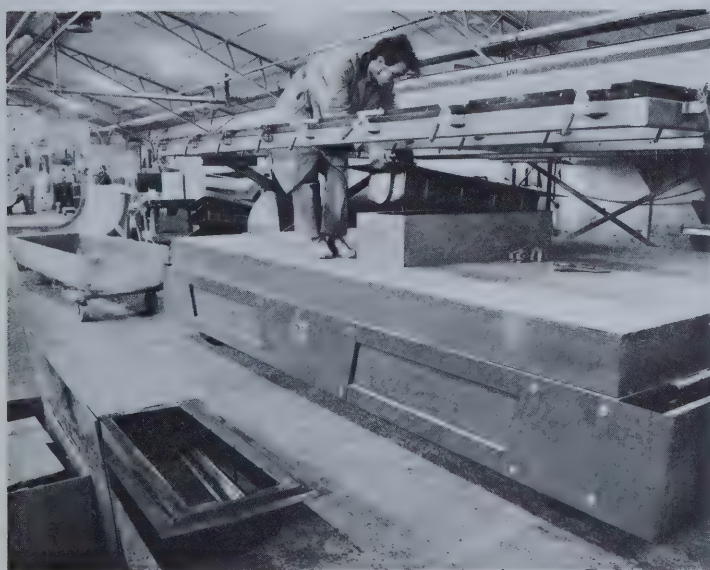
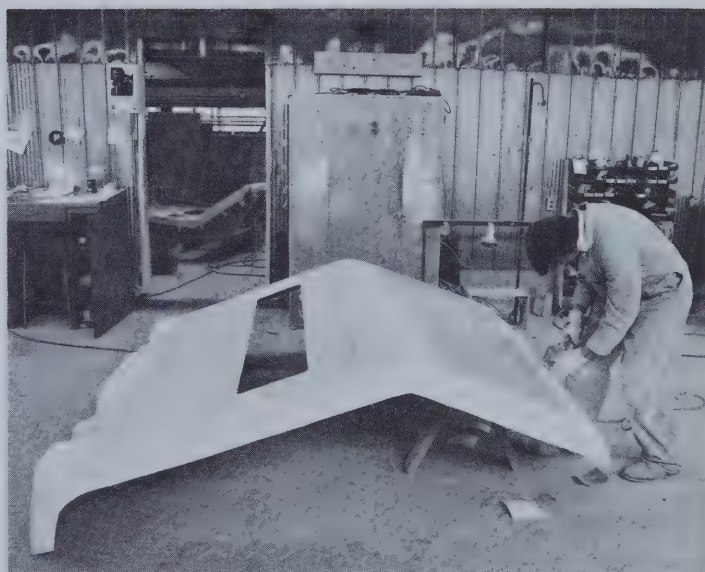
The many changes which have taken place in the market place, the proliferation of new materials and components, and more sophisticated technology have made it difficult to continue to handle product development in this manner. Therefore, a decision was made in mid year to establish a central Research and Development department to be located in a new 11,000 square foot building in Strathroy. This group is responsible for engineering and design of new models for the final approval of senior management. As well, they investigate new construction methods and engineering developments, test materials and build prototypes. Your company expects immediate results from this department. It is felt that it will not only contribute to improved products but to improved earnings as duplication of effort is eliminated and standardization of products provides improved purchasing capability.



With the establishment of the Glendale Plastics Division, your company is now able to produce the many fibreglass components used in the construction of recreational vehicles. These parts range from the unitized bathrooms to complete fronts for the motor homes to wheel wells or septic tanks. Many of these products are now produced by a vacuum forming process installed in 1972 which greatly increases the production efficiencies over the 'hand lay up' process previously used.

This division also produces the Hobo, a fibreglass trailerable houseboat and a line of car top boats. The Hobo has been very well accepted by boating enthusiasts who wish to combine the advantages of a cruiser and a houseboat with those of a travel trailer. These boats are being distributed throughout Canada by independent distributors. The demand in 1972 outstripped the production capacity which is still limited.

While Glendale has not yet become heavily committed to the pleasure boat industry, management is aware of the potential and opportunities in this area.





# Prebuilt Industries Ltd.



Late 1972 saw the completion of the acquisition of Prebuilt Industries Ltd. Prebuilt's manufacturing facilities in Lethbridge, Alberta, where recreational vehicles and industrial camps are produced, consist of over 100,000 square feet.

This company is well known in Western Canada for the production and sale of the Scamper and Skipper lines of travel trailers and motor homes. These recreational vehicles are sold through dealers from Manitoba to British Columbia. Prebuilt is also engaged in the leasing of motor homes through a limited number of dealer outlets.

The industrial camp division of Prebuilt is based in Calgary, although the buildings are manufactured in the Lethbridge plant.

An industrial camp is an on-site housing complex for crews required to construct a natural resource project located outside populated areas. These projects consist of gas plants, oil refineries, or coal or copper mining operations.

These complexes are comprised mainly of prebuilt sleeping, kitchen/dining, office and recreational units arranged to suit the particular needs of the project. As many as 1,800 construction workers have been housed and fed on a project site at once.

*Above: Prebuilt camps, housing over 1,000 men at the construction site of an Alberta Gas plant.*

*Below: Typical dining area for on-site construction workers.*





# Australian Operations

Trailerling is a very popular form of vacationing in Australia and Glendale, through the operation in Caboolture, Queensland, produces caravans for a portion of this market. Styling and production materials and techniques are somewhat different than in Canada. Your company transferred some of these techniques from Canada, although the operation is managed totally by Australian personnel.

Glendale is not one of the major producers in Australia, but the caravans are becoming well known in the North East section where they are marketed. The 63,000 square feet of plant space provides an excellent facility for the integrated method of production which is utilized.



# Watercraft and Component Parts





# Motorized Recreational Vehicles

Motor homes and compact motor homes represent one of the fastest growing segments of the recreational vehicle market.

During 1972, Glendale significantly increased the models and sizes available in these products to take advantage of this rapidly expanding demand. There are now five models available from the Strathroy, Ontario, recreational vehicle plant and three models available from Prebuilt's Lethbridge, Alberta plant.

It is expected that the future will see motor homes becoming a more significant portion of the company's recreational vehicle production.



# Terrapin Building Systems

Through Terrapin Building Systems, your company has been engaged in the construction of temporary or permanent accommodation for the institutional and commercial markets. Modules 8' x 24' or 8' x 32' are pre-finished in plant and erected on site.

There has been a great deal of development and revision of the product to meet the Canadian requirements since Glendale originally acquired the rights from the United Kingdom. Services now

range from supplying only a building shell to a complete turnkey package, incorporating design, complete site services, erection and finish, including furnishing and landscaping.

As examples of the varied markets, Terrapin Systems have been utilized for schools, day care centres, convenience food stores and offices.







Since these camps are only required during the construction period of a project, they are quite often leased by the contractor. The camps are then dismantled, refurbished, and transferred to other projects. While Prebuilt sells some camps, emphasis has been on the leasing of these facilities and the company has Canada's second largest lease fleet for this purpose.



Prebuilt believes that the success in this area is based on the ability to design and produce a functional and efficient food storage area, processing and service area, and on the service and maintenance rendered the contractor throughout the rental period.



# The Contribution of People



*This photograph, taken during the height of the fire, shows the extent of the damage.*



*Pictured above during the visit of Roland Michener, Governor-General of Canada are, left to right, the Honorable Roland Michener, Adrien Ouellette, Mayor of St. Joseph de Beauce, Pierre Ypperciel, General Manager of Glendale Mobile Homes, (Quebec) Limited, R. L. Thorn, Chairman of the Board, Glendale Mobile Homes Limited, on site during the reconstruction.*

Glendale is now made up of almost 1,500 people and is a vital part of many communities across Canada. The contribution of our employees and the relationship with the communities where the company is located, could not be better exemplified than by the phenomenon that occurred in St. Joseph de Beauce, Quebec in September and October 1972. In 21 days, a new plant, 87,000 square feet, was erected by volunteer labour.

On September 6, a fire broke out in the Glendale factory in St. Joseph. The plant and offices were completely destroyed and the company faced a business interruption of unknown duration. That evening a meeting was organized in a nearby warehouse to consider what must be done. The people of St. Joseph de Beauce, under the leadership of the Mayor, suggested a remarkable and unusual solution to this problem: a barnraising, called in Quebec, 'La Corvée'.

Three days later, on Sunday September 10, more than 225 men began clearing rubble. Despite the work, there was a festive atmosphere.

Work parties were formed and tasks were distributed among the volunteers. Even the meals were served at the site by the ladies of the community.

The spirit of happiness and pride of the 'Beaucerons' created an atmosphere conducive to fast and efficient construction so that on October 1, an amazing 21 days after the beginning of the barnraising, the plant was completed. 1,250 workers had volunteered 22,500 hours to the task. On the day of completion, 2,000 people participated in a Mass, followed by a party organized by Glendale, where everyone participated in a full evening of entertainment.

On October 2, all of the Glendale employees were back to work, 26 days after the fire. Acquiring raw materials and setting up machinery took a few days, but the culmination in this unique chain of events was the first mobile home in the rebuilt factory prepared for delivery on October 21st. Since that time production continued at an accelerated pace until the output surpassed the capacity of the previous plant.



# Four Year Financial Summary

FOR THE YEAR ENDING JANUARY 31,

1973

1972

1971

1970

Net Sales	\$38,866,720	\$24,046,721	\$20,219,360	\$16,531,497
Net Earnings	\$ 1,205,047*	\$ 613,446	\$ 433,966	\$ 570,239
Net Earnings Per Share	\$ 1.09*	\$ .57	\$ .40	\$ .57
Capital Expenditures	\$ 1,667,082	\$ 1,680,050	\$ 419,262	\$ 720,493
Shareholders Equity at year end	\$ 7,753,534	\$ 5,221,487	\$ 4,661,791	\$ 4,227,825

\*—Before extraordinary loss of \$430,000 resulting from a fire and from an allowance for loss on possible disposal of certain investments.

# The Industry

## MOBILE HOMES

The mobile home industry has become an increasingly important part of the Canadian housing market, as evidenced by the graph. In 1965, just seven years ago, there were only 5,179 homes sold in Canada. In 1972, it is estimated that approximately 25,000 were sold, an increase of 4.7 times. This growth represents an average annual increase of almost 25%.

With the advent of larger units, mobile homes are now appealing to a broad cross section of the home buying community. Generally however, the large majority of buyers are young marrieds and senior citizens, the two fastest growing segments of the population.

A major appeal of mobile home living is the increasing number of well planned mobile home communities. The new communities offer many amenities such as social centers and swimming pools which were unknown only a few years ago.

There still remains, however, a great need for well built, quality communities. Co-operation is required from all government levels to ensure that citizens can choose this form of housing if they wish.

The mobile home buyer now has better financing, and funds are available at lower interest rates and for longer terms than was

the case in the past. It appears to be only a matter of time before mobile homes will be financed on terms similar to conventional housing.

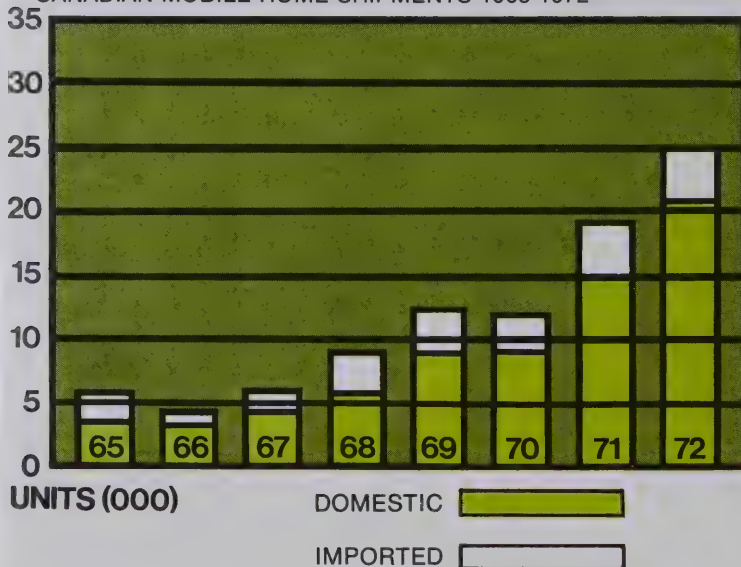
The increasing housing need, the increasing cost of on site housing, the improved quality of communities and better financing terms, all augur well for continued growth in mobile home sales in the foreseeable future.

## RECREATIONAL VEHICLES

Recreational vehicles continue to be a major beneficiary of Canadians who are pursuing the "good life." There are now over 435,000 recreational vehicles of one type or another owned by Canadians and almost 35,000 (excluding tent and collapsible trailers), were sold in 1972. The chart below, depicts the average annual growth rate of almost 19%. Major growth has occurred in 1971 and 1972.

Virtually the same factors that created this new opportunity for family travel many years ago, appear to be even more important in the future. Chief among these are: increased leisure time through longer vacations, extended weekends, the four day work week, and earlier retirement. These factors combined with the desire of more people to travel, lead to the conclusion that the recreational vehicle market is a long way from being saturated.

CANADIAN MOBILE HOME SHIPMENTS 1965-1972



CANADIAN RECREATIONAL VEHICLES SHIPMENTS 1965-1972 (excluding tents and collapsible trailers)





# Financial Highlights

	1973	1972
Net Sales	\$38,866,720.00	\$24,046,721.00
Net Operating Earnings*	\$ 1,205,047.00	\$ 613,446.00
Net Operating Earnings Per Share*	\$ 1.09	\$ .57
Cash Income	\$ 1,269,701.00	\$ 925,144.00
Cash Income Per Share	\$ 1.15	\$ .86
Shareholders' Equity	\$ 7,753,534.00	\$ 5,221,487.00
Book Value Per Share	\$ 6.22	\$ 4.86
Dividend Per Share	\$ .10	\$ .05
Depreciation	\$ 319,785.00	\$ 221,698.00
Shares Outstanding	1,245,600	1,075,000

\*Before extraordinary item of \$430,000 (\$.39 per share).

# GLENDALE MOBILE HOMES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiaries

## CONSOLIDATED BALANCE SHEET

**JANUARY 31, 1973**

(with comparative figures for 1972)

### ASSETS

	1973	1972
Current:		
Accounts receivable	\$ 4,986,166	\$ 2,696,567
Inventories — note 2	11,230,594	6,434,149
Prepaid expenses	376,245	204,659
	<u>16,593,005</u>	<u>9,335,375</u>
Mortgages receivable and other assets — at cost	<u>189,803</u>	<u>218,777</u>
Fixed — at cost — note 3:		
Land	1,131,491	607,181
Buildings and equipment	5,718,199	3,878,279
Industrial rental units	4,427,000	
	<u>11,276,690</u>	<u>4,485,460</u>
Less accumulated depreciation	<u>1,025,110</u>	<u>827,308</u>
	<u>10,251,580</u>	<u>3,658,152</u>
Goodwill — note 4	<u>1,669,240</u>	
	<u><u>\$28,703,628</u></u>	<u><u>\$13,212,304</u></u>



## LIABILITIES

	1973	1972
Current:		
Due to bankers — note 5	\$ 5,654,356	\$2,294,559
Accounts payable and accrued charges	8,344,923	4,310,323
Taxes payable	484,355	165,596
Long-term debt repayments due within one year	1,152,664	188,103
	<hr/> 15,636,298	<hr/> 6,958,581
Deferred income taxes	<hr/> 1,528,000	<hr/> 262,000
Long-term debt — note 6	<hr/> 3,785,796	<hr/> 770,236
<b>Shareholders' equity:</b>		
Capital —		
Common shares — note 7:		
Authorized — 4,000,000 common shares		
without par value		
Issued — 1,245,600 in 1973	3,986,750	2,113,750
— 1,075,000 in 1972	3,766,784	3,107,737
Retained earnings	<hr/> 7,753,534	<hr/> 5,221,487
	<hr/> <hr/> \$28,703,628	<hr/> <hr/> \$13,212,304

(See accompanying notes to the consolidated financial statements)

On behalf of the Board

Director : R. L. THORN

Director : D. M. POLLOCK

**GLENDALE MOBILE HOMES LIMITED**  
and its subsidiaries  
**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**  
**YEAR ENDED JANUARY 31, 1973**  
(with comparative figures for 1972)

	<b>1973</b>	<b>1972</b>
Balance, beginning of year	\$3,107,737	\$2,548,041
Net earnings	<u>775,047</u>	<u>613,446</u>
	3,882,784	3,161,487
Dividends (1973 — \$.10, 1972 — \$.05 per share)	<u>116,000</u>	<u>53,750</u>
Balance, end of year	<u><u>\$3,766,784</u></u>	<u><u>\$3,107,737</u></u>

(See accompanying notes to the consolidated financial statements)

**GLENDALE MOBILE HOMES LIMITED**  
and its subsidiaries  
**CONSOLIDATED STATEMENT OF EARNINGS**  
**YEAR ENDED JANUARY 31, 1973**  
(with comparative figures for 1972)

	<b>1973</b>	<b>1972</b>
Net sales	<u>\$38,866,720</u>	<u>\$24,046,721</u>
Manufacturing, selling and administrative expenses	35,815,210	22,613,510
Depreciation	319,785	221,698
Interest on long-term debt	<u>299,678</u>	<u>18,067</u>
	36,434,673	22,853,275
Earnings before taxes and extraordinary items	<u>2,432,047</u>	<u>1,193,446</u>
Income taxes:		
Current	1,131,000	490,000
Deferred	<u>96,000</u>	<u>90,000</u>
	1,227,000	580,000
Earnings before extraordinary items	1,205,047	613,446
Extraordinary items — note 8	<u>430,000</u>	<u></u>
Net earnings	<u><u>\$ 775,047</u></u>	<u><u>\$ 613,446</u></u>
Earnings per share — note 10:		
Earnings before extraordinary item	\$1.09	\$.57
Extraordinary items (loss)	<u>(.39)</u>	<u></u>
Net earnings	<u><u>\$ .70</u></u>	<u><u>\$.57</u></u>

(See accompanying notes to the consolidated financial statements)



# GLENDALE MOBILE HOMES LIMITED

and its subsidiaries

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

**YEAR ENDED JANUARY 31, 1973**

(with comparative figures for 1972)

	1973	1972
Source of funds:		
Operations	\$ 1,269,701	\$ 925,144
Increase in long-term debt - company	2,065,000	782,249
- subsidiaries	1,460,000	
Issue of shares - cash	3,000	
- acquisition of subsidiary	1,870,000	
Deferred income taxes of acquired subsidiary	1,170,000	
Decrease in other assets	28,974	
	<hr/> 7,866,675	<hr/> 1,707,393
Application of funds:		
Purchase of fixed assets (net) -		
By company	1,667,082	1,680,050
Acquisition of subsidiary	5,325,000	
Goodwill on acquisition	1,669,240	
Repayment of long-term debt	509,440	188,247
Dividends	116,000	53,750
Investments in mortgages and other assets		128,777
	<hr/> 9,286,762	<hr/> 2,050,824
Decrease in working capital	1,420,087	343,431
Working capital, beginning of year	<hr/> 2,376,794	<hr/> 2,720,225
Working capital, end of year	<hr/> <hr/> \$ 956,707	<hr/> <hr/> \$2,376,794
Represented by:		
Current assets	\$16,593,005	\$9,335,375
Less current liabilities	<hr/> 15,636,298	<hr/> 6,958,581
	<hr/> <hr/> \$ 956,707	<hr/> <hr/> \$2,376,794

(See accompanying notes to the consolidated financial statements)

**GLENDALE MOBILE HOMES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 1973**

**1. Summary of significant accounting policies**

**(a) Principles of consolidation**

The consolidated financial statements include the accounts of the company and all subsidiaries. All material intercompany accounts and transactions have been eliminated.

**(b) Translation of accounts into Canadian dollars**

The accounts of foreign subsidiary companies included in the financial statements have been converted to Canadian dollars on the following basis:

Current assets and liabilities — at year end exchange rates

Other assets and liabilities — at historical rates of exchange

Earnings — at average exchange rates for the year

Translation gains or losses are included in the consolidated statement of income and are not significant.

**(c) Inventories**

Finished products and work in process have been valued at the lower of cost and net realizable value. Raw materials and supplies have been valued at the lower of cost and replacement cost. Cost is determined, for the most part, on a first in, first out basis.

**(d) Fixed assets and depreciation**

The company provides depreciation on its fixed assets using the straight line method at rates, as set out below, designed to amortize cost over the expected useful life of the respective assets.

Parking areas .....	2-1/2%
Fences.....	5 %
Buildings.....	2-1/2% - 5 %
Machinery and equipment .....	10 %
Automotive equipment.....	30 %

Maximum capital cost allowance is claimed for income tax purposes and appropriate provision is made for deferred income taxes.

**2. Inventories**

Inventory values are as follows:

	<b>1973</b>	<b>1972</b>
Finished products.....	\$ 4,914,243	\$ 2,587,585
Work in process.....	719,009	275,031
Raw materials and supplies .....	5,597,342	3,571,533
	<u>\$11,230,594</u>	<u>\$ 6,434,149</u>

**3. Fixed assets**

During the year ended January 31, 1973 and in prior years, the company has received approval for area development incentive grants totalling \$202,100 and, in addition, has received forgivable loans amounting to \$41,800 in connection with the expansion of its plant facilities. These amounts have been applied to reduce the carrying value of the respective fixed assets in the books of the company. At January 31, 1973, grants amounting to \$27,000 remain to be received and the balance of loans yet to be forgiven amounts to \$33,400.

To January 31, 1973, all terms and conditions of the grants and loans have been met with the exception that the company suspended production at the Morris, Manitoba plant. The Department of Regional and Economic Expansion has requested the repayment of the grants which had previously been received in connection with this plant.

**4. Acquisition**

In November 1972 the company acquired all of the outstanding shares of Prebuilt Industries Ltd. This company produces recreational vehicles and supplies, through sale or lease, industrial camp and commercial prebuilt units in western Canada. This acquisition was accounted for as a purchase. Consideration for the acquisition was \$2,000,000 cash, the issue of 170,000 common shares and a commitment to issue up to an additional 262,500 shares under certain conditions. The number of such shares which will have to be issued is contingent for the most part upon the earnings of Prebuilt Industries Ltd. in the twenty-four month period ending on November 30, 1974 and to a lesser degree on the earnings of Glendale Mobile Homes Limited for the twenty-four month period ending on January 31, 1975.

The fiscal year end of Prebuilt Industries Ltd. is November 30 and these consolidated financial statements include the assets and liabilities of this subsidiary at November 30, 1972. Since this subsidiary was acquired close to the end of its fiscal year, no portion of its results of operations for the year ended November 30, 1972 have been included in the consolidated statements of income or source and application of funds.



Details of this acquisition are as follows:

Book value of assets .....	\$ 8,042,000
Book value of liabilities.....	<u>5,791,000</u>
Net book value at date of acquisition equal to fair value.....	2,251,000
Goodwill, arising on acquisition.....	<u>1,669,240</u>
Cost of net assets acquired.....	<u>\$ 3,920,240</u>
Purchase price, satisfied as follows:	
Cash (including incidental costs).....	\$ 2,050,240
170,000 common shares issued at fair value of \$11 per share.....	<u>1,870,000</u>
	<u>\$ 3,920,240</u>

It is the company's intention to carry the goodwill arising on this acquisition, at cost, until such value is impaired. If further shares are issued based on the earnings of Prebuilt Industries Ltd. as discussed above, it will have the effect of increasing the goodwill arising on acquisition at the time such shares are issued.

#### 5. Bank Indebtedness

Bank loans of \$4,215,958 and a term loan of \$2,635,600 to the parent company, Glendale Mobile Homes Limited at January 31, 1973, are secured by demand debentures in the amount of \$7,000,000 with a first charge on all land and premises together with all buildings thereon, and a first floating charge on all its undertaking, and other properties and assets.

Bank loans of \$1,438,398 and a term loan of \$398,000 to subsidiaries at January 31, 1973 are secured by the assignment of accounts receivable, inventories and rents accruing on certain lease contracts and by chattel mortgages on certain industrial rental units.

#### 6. Long term debt

<b>Glendale Mobile Homes Limited</b>	<b>1973</b>	<b>1972</b>
Term bank loan at a rate of interest 3% above the bank's prime rate repayable November 30, 1972 to October 31, 1979 (note 5).....	\$ 2,635,600	\$ 770,000
6-9% first mortgages due 1975 and 1976.....	57,250	113,405
	<u>2,692,850</u>	<u>883,405</u>
<b>Subsidiary companies</b>		
6-3/4% term bank loan maturing in 1974 — (note 5).....	398,000	
12-1/2% first mortgage bonds secured by a first mortgage on all fixed assets, and a floating charge on all other assets .....	1,300,000	
Agreements for sale, mortgages and other long term debt.....	547,610	74,934
	<u>2,245,610</u>	<u>74,934</u>
	4,938,460	958,339
Less portion due within one year included in current liabilities .....	1,152,664	188,103
	<u>\$3,785,796</u>	<u>\$770,236</u>



## 7. Share capital

In addition to the 170,000 common shares issued in connection with the acquisition of Prebuilt Industries Ltd., the company also issued for cash, 600 shares, under share purchase agreements, at \$5 per share.

As at January 31, 1973, the following shares were reserved for issue:

- 20,000 common shares under common share purchase warrants expiring May 15, 1974. These shares are issuable at \$10 per share.
- 40,000 common shares for such share purchase or option plans as the directors may from time to time determine with respect to the employees of the company and its subsidiaries. The price at which such shares will be issued shall be not less than 90% of the fair market value at the date on which such shares are issued, if issued under a stock purchase plan, or at the date on which the option to purchase is granted, if issued under a stock option plan.
- 9,400 common shares under share purchase options given September 21, 1971 at \$5 per share, expiring September 20, 1976.
- 262,500 common shares which could be issued under certain conditions to the vendors of Prebuilt Industries Ltd., as discussed above in note 4.

## 8. Extraordinary items

During the year, the company's plant at St. Joseph de Beauce was destroyed by fire. The company has incurred a net loss amounting to \$526,000 as a result of this fire. Accordingly, this amount, net of applicable income tax credits of \$226,000 has been treated as an extraordinary item.

The company has further provided \$130,000 as a provision for costs and losses on the disposal of certain investments. This amount has also been treated as an extraordinary item.

## 9. Directors' and senior officers' remuneration

Direct remuneration paid or payable to directors and senior officers by the company and its subsidiaries for the year ended January 31, 1973 amounted to \$326,000 (\$232,000 in 1972).

## 10. Earnings per share

Earnings per share have been calculated using the weighted monthly average number of shares outstanding during the year.

Exercise of the outstanding share purchase warrants or the issuance of any additional shares in connection with the acquisition of Prebuilt Industries Ltd. (note 4) would have no material dilutive effect on earnings per share.

# Auditors' Report

To the Shareholders of  
Glendale Mobile Homes Limited.

We have examined the consolidated balance sheet of Glendale Mobile Homes Limited as at January 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Glendale Mobile Homes Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial state-

ments of a major subsidiary of which they are the auditors, the assets of which represent 34% of consolidated assets.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada  
April 24, 1973.

CLARKSON, GORDON & CO.  
Chartered Accountants.



# Directors and Officers

## DIRECTORS

Reginald L. Thorn

Walter P. Callaghan  
C. Norman Chapman  
John D. Harrison, M.B.E., Q.C.

Donald M. Pollock  
David B. Weldon

Chester O. Merriman

Hubert S. Prowse, Q.C.,

Chairman of the Board

President  
President, Emco Limited  
Partner, Harrison, Elwood,  
Gregory, Littlejohn, Fleming  
& Adams  
President, Pollock Rentals Ltd.  
Chairman, Midland-Osler  
Securities Ltd.  
President,  
Prebuilt Industries Limited  
Partner Fenerty, McGillivray,  
Robertson, Brennan, Prowse,  
Fraser, Bell and Hatch

## OFFICERS

Reginald L. Thorn  
Walter P. Callaghan  
James A. Sapara  
John DeWinter

John D. Harrison, M.B.E., Q.C.  
David W. Murray, C.A.

Chairman of the Board  
President  
Vice-President, Marketing  
Vice-President, Maritime  
Division  
Secretary  
Treasurer

## REGISTRAR & TRANSFER AGENT

Canada Trust Company  
Toronto, Ontario

## AUDITORS

Clarkson, Gordon & Co.,  
London, Ontario

## SUBSIDIARIES

Glendale Mobile Homes (Maritimes) Ltd.  
Glendale Mobile Homes (Quebec) Ltd.  
Prebuilt Industries Ltd.  
Glendale Caravans Pty. Ltd., Australia  
Glendale Accessories Pty. Ltd., Australia  
Glendale Caravans (N.S.W.) Pty. Ltd., Australia  
Anmore Recreations Ltd.

## LEGAL COUNSEL

Harrison, Elwood, Gregory, Littlejohn,  
Fleming & Adams

# Company Locations

Strathroy, Ontario

Sussex, New Brunswick  
St. Joseph de Beauce,  
Quebec  
Wetaskiwin, Alberta  
Lethbridge, Alberta

Calgary, Alberta

Head Office  
Recreational Vehicle Division  
Glendale Homes Division  
Terrapin Building Systems  
Glendale Plastics  
Mobile Homes  
Mobile Homes  
Recreational Vehicles  
Mobile Homes  
Recreational Vehicles  
Industrial Housing  
Prebuilt Industrial  
Division Sales

# Annual Meeting

The Annual Meeting of the Shareholders  
will be held in Strathroy, Ontario, on Wednesday,  
June 13, 1973, at 11:00 a.m. at  
the Strathroy Golf and Country Club.

**glendale mobile homes limited**

